



Budget & Finance Committee

Wednesday, September 16, 2015 at 9:30 a.m.
Room 212 – Otsego County Building
225 West Main Gaylord, MI 49735

MINUTES

CALL TO ORDER

Mr. Beachnau called the meeting to order at 9:30 a.m.

Roll call – Present: Paul Beachnau, Ken Borton, Erma Backenstose, Lee Olsen, John Burt

Others present –Diann Axford, Rachel Frisch, Maureen Derenzy

APPROVAL OF MINUTES

Motion by Mr. Olsen to approve the amended minutes from the August 19, 2015 Budget and Finance Committee meeting. Motion passed unanimously.

UNFINISHED BUSINESS

None

NEW BUSINESS

A. Library Plans

Maureen Derenzy, Otsego County Library Director, explained to the Committee that while the Library Board has been planning building improvements to the Library's exterior, they believe a building expansion takes precedence over the exterior improvements. She presented an architect's rendering of a site concept plan, and a "cost of alternate expansion plan" document, which lists potential funding sources and estimated costs (Ms. Derenzy calculated the figures on the worksheet).

Mr. Burt pointed out that a one-year, one-mill request to fund an expansion, similar to what EMS did in the last election, may be the most viable option. He further noted that, because there are several millage renewals that will be on the ballot in the 2018 election, he suggested the Library issue may have more success being put on the ballot in 2016. He then advised Ms. Derenzy to work with an architect to come up with a scaled-back expansion plan that would work within the financial parameters of a one-year, one-mill request, and also advised her to work on selling the additional property the Library owns, to put toward the expansion project.

Ms. Derenzy further expressed that if she were to proceed with these items, she would like the full support of the Otsego County Board of Commissioners, for any potential millage request that may be presented to the voters. The Committee members assured her that they recognize and appreciate her efforts as Library Director, and would publicly support a Library expansion within the one-year, one-mill parameters.

B. Payment Allocation Item

Ms. Frisch explained to the Committee that the \$60,000 restitution payment received by the County from the Tarbutton fraud case needs to be deposited. She stated that, because the court did not indicate in the judgement how the funds were to be allocated, it was left up to the County to make that decision. For purposes of the investigation, Ms. Frisch kept track of staff time, auditor fees, and attorney fees attributable to this case. She indicated that it would be reasonable and proper to allocate a part of the restitution payment to cover a portion or all of these costs. She also indicated that it would be reasonable and proper not to reimburse these costs and pay the entire \$60,000 to the Parks and Recreation Department.

The Committee voiced that the cost incurred by the County during the investigation is the responsibility of the County, and the full restitution payment should be paid to the Parks and Recreation Department.

Motion by Ms. Backenstose to recommend approval to the full Board to deposit the entire restitution check into the Parks and Recreation Fund (fund 208). Motion passed unanimously.

C. Millage Policy Update

Mr. Burt presented an update to the existing Millage Request Policy. The update speaks to requiring an operating agreement with the County and the agency receiving the millage being in place before millage dollars are paid. This would apply to agencies who have general ledger/accounting systems and employees outside of the County. Mr. Burt would like to further tailor the wording of the amendment but would like approval for the concept.

Motion by Mr. Borton to recommend approval to the full Board to approve the millage policy update, with the amendments proposed by Mr. Burt. Motion passed unanimously.

D. ROD Emergency Repair

Mr. Burt reported that water damage and mold due to leaking has been discovered in the ROD office. The repairs needed are drying the area, testing, and patching and replacing sections of the affected wall, along with patching the underground brick to prevent future leaks. This type of water damage is not covered by insurance, so Mr. Burt requested using \$5,000 of Contingency funds to cover the repair costs.

Motion by Mr. Olsen to recommend to the full Board to approve transferring an amount not to exceed \$5,000 from contingency into the Building and Grounds Fund (fund 637) to pay for repairs to the ROD office space, due to water leak damage. Motion passed unanimously.

E. Land Use Renovation

Mr. Burt distributed architect plans for the addition of a public restroom and a vestibule at the Land Use Services building (AT&T building). He explained that bids are due Monday, September 21, 2015 and will be presented to the Board at their September 24 meeting. One half of the cost will be funded by the Land Use Services Fund (fund 249).

F. Sheriff Request – Bulletproof Vests

Ms. Frisch informed the Committee that Undersheriff Muladore would like to replace 13 existing bulletproof vests. Mr. Burt commented that the vests do break down over time, and need to be

replaced. The estimated cost is \$10,000. Undersheriff Muladore has secured a federal bulletproof vest grant in the amount of \$3,000. He has also looked into a RAP grant through the County's insurance carrier, MMRMA, but the vests are not eligible.

Motion by Mr. Borton to recommend to the full Board to approve transferring \$7,000 from contingency and accepting the federal grant of \$3,000 to purchase 13 bulletproof vests at an estimated cost of \$10,000. Motion passed unanimously.

G. Airport / Building and Grounds Bid

Mr. Burt reported that one bid was received, from Gaylord ARFF. A 3-year contract was proposed by Gaylord ARFF, which included a 4% and 2% increase for Building and Grounds and the Airport respectively for Year 1, no increases for Year 2, and 1.5% and 2% increases in Year 3. Mr. Burt would like permission to negotiate two additional aspects of the contract, as follows: 1) Gaylord ARFF would ideally like a 5-year contract to allow better financing of needed equipment. Mr. Burt would like to negotiate the additional two years. 2) Mr. Burt discussed the request of the Airport Director to change the Airport Unicom Associate position to being a County employee, instead of a Gaylord ARFF employee. There would be additional costs associated with moving the position into the County, and he would like to see how the budget process develops prior to making any commitment, and have the permission to negotiate that issue also.

Motion by Mr. Borton to recommend to the full Board to grant Mr. Burt permission to negotiate further with Gaylord ARFF for its contract to provide Airport and Building and Grounds services. Motion passed unanimously.

H. Credit Card Receipt Policy

Ms. Frisch explained that she has worked with Ms. Axford and Mr. Burt to develop a policy that puts standards in place to govern those departments that handle credit card payments made to the County.

Motion by Mr. Olsen to recommend to the full Board to approve the Credit Card Receipt Policy. Motion passed unanimously.

I. Credit Card Statements – August 2015

The Committee reviewed and discussed the activity of the August 2015 credit card statements.

J. August 2015 Financial Reports

Ms. Frisch distributed and discussed the reports.

K. Treetops Issue

Mr. Beachnau expressed the need to discuss the ongoing issue with Treetops Resort, with respect to finalizing and potentially correcting the calculations of past property taxes charged to the resort. He recommended that the attorneys from both the County and Treetops need to meet to resolve any remaining issues.

Ms. Axford informed the Committee that the bankruptcy attorney representing Treetops and the attorney representing the County do plan to meet. Currently, John Axe (the taxation expert who was hired to perform the tax calculations) is preparing an information summary, detailing how he arrived at his calculations. He will be submitting that to the County's attorney. Treetops' attorneys have requested that document, which will be provided once finished. Ms. Axford will obtain written updates from the County's attorney and from Mr. Axe on the status of the situation.

Mr. Beachnau commented that he will report this information to the Treetops General Manager.

L. Georgia Pacific Property

Mr. Burt informed the Committee that Georgia Pacific is asking to transfer property to Otsego County. He explained that due to the location, zoning requirements, lost tax revenue, and possible contamination issues, it is not advisable for the County to agree to take all of the property. Instead, he recommends taking approximately 160 acres (outlined in blue on the aerial photo Mr. Burt distributed) which has been requested by the Otsego Lake Association to provide a dewatering area for soil dredged from Otsego Lake. Mr. Burt has worked with Economic Alliance Director Lisa McComb to review the Brownfield cleanup that was performed on this property. He will only take the property after an updated environmental assessment is performed, tree stumps are removed, and an easement is granted for access to the road, all at the cost of Georgia Pacific. Mr. Burt will work with the Michigan Association of Counties (MAC), who provides environmental expertise free of charge.

Motion by Mr. Olsen to recommend to the full Board to direct Mr. Burt to proceed with steps to take over approximately 160 acres of property from Georgia Pacific. Motion passed unanimously.

Mr. Beachnau adjourned the meeting at 11:20 a.m.